

Nancy Johnson



Fifth District, Connecticut

www.house.gov/nancyjohnson

FOR IMMEDIATE RELEASE

July 20, 2004

Contact: Brian Schubert

(202) 225-4476

“Paycheck for Life” Means a Secure Retirement *Johnson Introduces Bipartisan “Retirement Security for Life Act”*

WASHINGTON, D.C. – Congresswoman Nancy Johnson today introduced bipartisan legislation to help Americans better secure their retirement by turning their savings into a guaranteed “paycheck for life.”

At a Capitol Hill news conference today, Johnson announced the introduction of “The Retirement Security for Life Act of 2004,” H.R. 4849, with original cosponsors Reps. John Tanner (D-TN), Phil English (R-PA), and Stephanie Tubbs Jones (D-OH).

“America’s retirees deserve the security and peace-of-mind of knowing that they will not outlive their savings,” Johnson said. “With the number of retirees set to double in the next 30 years, we must give Americans the tools to secure a stream of income during their retirement and maintain their quality of life. My bipartisan legislation will give Americans greater incentive to secure for themselves and their family a ‘paycheck for life.’”

Not only are Americans living longer in retirement, but fewer of them will receive regular pension checks and Social Security – still a basic foundation for retirement security – alone does not provide enough income for retirees to maintain a comfortable standard of living.

Future retirees, including 77 million Baby Boomers, simply risk being unable to maintain a adequate standard of living. The Employee Benefit Research Institute reported that between the years 2020 and 2030, when the Baby Boomers are in their 70s, retirees will come up at least \$400 billion short of the income needed to pay for basic living and health expenses.

Under Johnson’s bill, an individual would not pay federal income tax on one half of the income payments from a non-qualified life annuity. A life annuity provides an individual or couple with guaranteed income payments for as long as they live in exchange for a premium payment. No more than \$20,000 could be excluded annually. For a typical taxpayer in the 25 percent bracket with a \$20,000 annuity, this would provide annual tax savings of \$5,000.

Johnson’s bill is targeted to middle income Americans who have saved their entire lives and now wonder how to make those dollars last so they can maintain their pre-retirement standard of living. The tax incentive described above will make it easier to secure a guaranteed paycheck for life.

###